

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-10 NEA-10 IO-13 ISO-00 AGRE-00  
CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00  
AID-05 SS-15 STR-07 ITC-01 TRSE-00 USIA-06 SP-02  
SOE-02 OMB-01 DOE-11 XMB-02 STRE-00 /139 W  
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R 241756Z FEB 78

FM USMISSION GENEVA

TO SECSTATE WASHDC 6435

INFO AMEMBASSY BANGKOK

AMEMBASSY BRUSSELS

AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMEMBASSY MANILA

AMEMBASSY NEW DELHI

AMEMBASSY SEOUL

AMEMBASSY TOKYO

AMEMBASSY VIENTIANE

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USEEC

PASS STR ELECTRONICALLY

E.O. 11652: N/A

TAGS: ETRD, GATT, ESCAP

SUBJECT: BANGKOK AGREEMENT

REF: 77 STATE 271163

1. SUMMARY: BANGKOK COUNTRIES REFUSED ON PRINCIPLE TO  
REQUEST A WAIVER FROM ARTICLE I. AFTER LENGTHY DISCUSSION,  
WP FINALLY AGREED TO RECOMMEND DRAFT DECISION ALONG LINES  
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OF TRIPARTITE DECISION. END SUMMARY.

2. WP ON BANGKOK AGREEMENT MET FEB 23-24. INDIAN DEL  
(KUMAR), ACTING AS SPOKESMAN FOR BANGKOK PARTICIPATING  
STATES, OUTLINED DEVELOPMENT OBJECTIVES OF AGREEMENT,  
STATED THAT AGREEMENT MET COMMITMENTS UNDER PART IV OF  
GATT, PARTICULARLY ARTICLE XXXVII:4, WAS NOT INTENDED

TO BECOME A FREE TRADE AREA AND WAS IN ACCORDANCE WITH AN INTERNATIONAL CONSENSUS (AS WITNESSED BY UN RESOLUTIONS) THAT DEVELOPING COUNTRIES SHOULD SEEK INTENSIFIED FORMS OF COOPERATION AMONG THEMSELVES.

3. WE AND CANADA, WITH SUPPORT FROM JAPAN, POINTED OUT THAT AGREEMENT CONTRAVENES ARTICLE I OF THE GENERAL AGREEMENT, DOES NOT CONSTITUTE AN INTERIM FREE TRADE ARRANGEMENT. THE PROPER COURSE THEREFORE WAS FOR WP TO DRAFT A WAIVER FOR SUBMISSION TO CPS. AUSTRALIA SAID THAT ALTHOUGH IT SUPPORTED THE AGREEMENT AND HAD GIVEN TECHNICAL ASSISTANCE, SOME TYPE OF GATT COVER SHOULD BE FOUND. BANGLADESH SPOKESMAN THEN QUOTED LIST OF UNCTAD AND UN RESOLUTIONS, SAID THAT IF GATT WASN'T IN CONFORMITY WITH THESE RESOLUTIONS IT SHOULD BE MODIFIED AND THAT ONLY CORRECT COURSE FOR WP WAS TO TAKE NOTE OF THE AGREEMENT. WP FINALLY AGREED TO DRAFT DECISION ALONG LINES OF PRECEDENT IN TRIPARTITE AGREEMENT. AFTER LENGTHY SESSION, PARTIES AGREED TO CONDITIONS TO THIS DECISION AS FOLLOWS:

QUOTE: DECIDE THAT:

NOTWITHSTANDING THE PROVISIONS OF ARTICLE I OF THE GENERAL AGREEMENT, THE PARTICIPATING STATES MAY IMPLEMENT THE AGREEMENT IN ACCORDANCE WITH THE CONDITIONS AND PROCEDURES SET OUT HEREUNDER.

PROVIDED THAT ANY PREFERENTIAL TREATMENT UNDER THE LIMITED OFFICIAL USE

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AGREEMENT SHALL BE DESIGNED TO FACILITATE TRADE BETWEEN THE PARTICIPATING STATES AND NOT TO RAISE BARRIERS TO THE TRADE OF OTHER CONTRACTING PARTIES;

(A) ANY PREFERENTIAL CONCESSIONS OR ARRANGEMENTS OR ANY SIMILAR MEASURES INTRODUCED OR MODIFIED PURSUANT TO THE AGREEMENT SHALL BE NOTIFIED TO THE CONTRACTING PARTIES AND ALL USEFUL INFORMATION RELATING TO THE ACTIONS TAKEN SHALL BE PROVIDED TO THEM BY THE PARTICIPATING STATES;

(B) EACH PARTICIPATING CONTRACTING PARTY SHALL AFFORD ADEQUATE OPPORTUNITY FOR CONSULTATIONS AT THE REQUEST OF ANY OTHER CONTRACTING PARTY WHICH CONSIDERS THAT ANY BENEFIT ACCRUING TO IT UNDER THE GENERAL AGREEMENT MAY BE OR IS BEING IMPAIRED UNDULY AS A RESULT OF THE AGREEMENT. IF SUCH CONSULTATIONS HAVE PROVED UNSATISFACTORY, THE CONTRACTING PARTY CONCERNED MAY BRING THE MATTER BEFORE THE CONTRACTING PARTIES, WHO WILL EXAMINE IT PROMPTLY AND WILL FORMULATE ANY RECOMMENDATIONS THAT THEY CONSIDER APPROPRIATE;

(C) ON THE BASIS OF A REPORT BY THE PARTICIPATING STATES ON DEVELOPMENTS UNDER THE AGREEMENT, THE OPERATION OF THIS DECISION SHALL BE REVIEWED BIENNIALY BY THE

CONTRACTING PARTIES IN THE LIGHT OF THE PROVISIONS OF THE GENERAL AGREEMENT AND OF THE OBJECTIVES STATED ABOVE. THE CONTRACTING PARTIES MAY, IN THE COURSE OF THE REVIEW, MAKE SUCH RECOMMENDATIONS TO THE PARTICIPATING CONTRACTING PARTIES AS MAY BE APPROPRIATE, INCLUDING ANY ARISING OUT OF ANY CONSULTATIONS HELD IN REGARD TO THE EFFECTS OF THE AGREEMENT ON THE TRADE OF CONTRACTING PARTIES. THE CONTRACTING PARTIES MAY ALSO IN THE COURSE OF THE REVIEWS, TAKE SUCH DECISIONS REGARDING THE OPERATION OF THIS DECISION AS MAY BE APPROPRIATE IN THE LIGHT OF DEVELOPMENTS AT THAT TIME. UNQUOTE.

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4. WORKING PARTY REPORT MAKES CLEAR THE INTENT OF WP  
THAT ANY DEVELOPMENTS ON ARTICLE IV (NON-TARIFF MEASURES)

AND ART VI (RULES OF ORIGIN) ARE TO BE INCLUDED IN BIENNIAL REVIEW CALLED FOR IN DRAFT DECISION. WE ALSO STATED THAT, IN THE U.S. VIEW, THE DECISION IS INTENDED TO MEET THE WAIVER REQUIREMENTS OF ARTICLE XXV:5.

5. WITH RESPECT TO RULES OF ORIGIN, WE AND CANADIANS URGED BANGKOK PARTIES TO ADOPT SIMPLE RULES USING AS A LIMITED OFFICIAL USE

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MODEL THOSE AGREEMENTS WHICH USE A SIMPLE 50 PERCENT ORIGIN RULE. INDIAN DEL SAID ORIGIN RULES WILL BE SIMPLE. HE LATER PRIVATELY TOLD US THAT PARTIES TO AGREEMENT ARE WORKING ON ORIGIN RULES USING 50 PERCENT AS THE BASIC HYPOTHESIS.

6. IN RESPONSE TO QUESTION ON RELATIONSHIP AMONG VARIOUS PREFERENTIAL SYSTEMS (INDIA FOR EXAMPLE BELONGS TO THE PROTOCOL FOR TRADE NEGOTIATIONS AMONG DEVELOPING COUNTRIES AND TO THE TRIPARTITE ARRANGEMENT) KUMAR SAID THAT, IN PRINCIPLE, PREFERENCES EXTENDED IN THE CONTEXT OF TRADE NEGOTIATIONS AMONG DEVELOPING COUNTRIES SHOULD BE EXTENDED TO MEMBERS OF THE BANGKOK AGREEMENT BUT THAT THERE WAS NO AUTOMATIC EXTENSION. SUCH CONCESSIONS WOULD NEED TO BE SUBJECT TO NEGOTIATION.

7. WE EXPRESSED CONCERN OVER POTENTIAL THAT EXISTS UNDER THE AGREEMENT FOR EXTENDING PREFERENCES INTO THE NON-TARIFF AREA. INDIAN DEL PROMISED TO KEEP THE CPS INFORMED OF ANY DEVELOPMENTS IN THIS AREA BUT INDICATED THAT THERE HAD BEEN NO PROGRESS THUS FAR.

8. WE AND CANADIANS EXPRESSED CONCERN THAT ARTICLE VIII COULD INHIBIT MFN TARIFF REDUCTIONS AND MIGHT, IN EFFECT, BIND PREFERENCES. INDIAN DEL CLAIMED THIS PROVISION WAS DESIGNED TO FACILITATE RATHER THAN INHIBIT THE EXCHANGE OF CONCESSIONS WITH THIRD COUNTRIES BECAUSE IT ONLY REQUIRES MEMBER TO CONSULT WITH OTHER PARTICIPATING PARTNERS TO REESTABLISH A BALANCE OF CONCESSIONS. VANDEN HEUVEL

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## Message Attributes

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**Decaption Date:** 01 jan 1960  
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**Disposition Approved on Date:**  
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**Review Markings:**  
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